

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 2013

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB257** by Gonzalez, Naomi (relating to the creation of the Texas Tech University Health Sciences Center at El Paso as a component institution of the Texas Tech University System.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated. At such time as the institution becomes operational, state costs associated with formula funding, as detailed below, will be realized.

The bill creates the Texas Tech University Health Sciences Center at El Paso as a stand-alone component institution of the Texas Tech University System. Under the provisions of the bill, the new institution would be under the direction, management, and control of the Texas Tech University System Board of Regents. The institution would also be eligible to participate in the Higher Education Fund allocation beginning in the 2016-17 biennium if the bill receives a vote of two-thirds of the membership in each house of the Legislature.

The Texas Tech University Health Sciences Center reports that the new costs associated with the areas of administration, accreditation, and technology are estimated to be \$20.5 million over the next five years and would be absorbed by Texas Tech University Health Sciences Center.

It is assumed that the Instruction and Operations, Infrastructure, and Graduate Medical Education formula funding currently received by Texas Tech University Health Sciences Center for its El Paso campus will be allocated directly to the new institution beginning in the 2016-17 biennium. The only additional formula costs assumed are related to the Research Enhancement formula, which provides each health related institution a base funding amount of \$1,412,500 each year plus 1.1 percent of its reported research expenditures. Assuming the new institution begins directly receiving formula funding in 2016, the five-year formula costs are estimated to be \$4.2 million.

It also assumed that participation in the Higher Education Fund would not result in any additional costs to the fund, but instead would result in a reallocation of funds among the participating institutions.

The bill would take effect on September 1, 2013, or immediately with a vote of two-thirds of all members in both houses. Section 13 of the bill would only take effect if the bill received a vote of two-thirds of all members in both houses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board

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